



TO: Lamont Jackson, Area 2 Superintendent
FROM: Stephen Carr, Director, Office of Internal Audit *usc*
DATE: October 8, 2013
RE: Bethune K-8 School – Time and Labor Audit Report

Our office conducted an audit of the Payroll Time and Labor at Bethune K-8 School for the period July 1, 2012 through May 31, 2013. The audit report contains information regarding the audit findings and recommendations. Enclosed are copies of the audit report and the response.

The site administrator was responsive to all of our recommendations and corrective actions had been taken or are planned.

If you have any questions concerning the information in this report, please call me at 725-5696.

c: Members, Board of Education
C. Marten
S. Monreal
S. Weir

email: Members, Audit Committee
C. Marten
S. Monreal
M. Hudson



Payroll Time and Labor Audit Report

Bethune K-8 School

October 8, 2013

Introduction

The Office of Internal Audit conducted an audit of the payroll time and labor at Bethune K-8 School for the period July 1, 2012 through May 31, 2013.

The review included an examination of PeopleSoft time and labor computer records, applicable district procedures, and payroll documentation maintained at the school site.

The employees assigned at Bethune K-8 Schools totaled 60, including the principal.

The principal, who was in charge of the payroll time and labor from July 2012 to March 2013, had resigned on 4/1/2013. The current principal assumed the supervision of the payroll time and labor on 4/8/2013.

Audit Scope and Objectives

The scope of this audit included a review of all supporting documentation for the payroll time and labor input from July 1, 2012 through May 31, 2013.

The specific objectives of this audit were:

- To determine that internal controls exist to protect the assets of the school district.
- To determine that the time keeping process complied with district policies and procedures.
- To verify that all absences and payable hours were recorded timely and accurately.
- To verify that all absences are payable hours, are authorized and properly documented.
- To determine that monthly positions are valid and full time equivalent agrees to employee's actual hours worked.

Audit Findings Summary

1. A total of 536.5 hours of additional pay amounting to \$22,923.83 were posted to Time and Labor without supporting documentation on file.
2. Absences of several employees totaling 1,841.8 hours were not recorded in the Time and Labor system.
3. Supporting documentation for absences of several employees totaling 1,778 hours were missing. As a result the propriety of the absences could not be determined.
4. The timecards for Absence on District Business of ten (10) teachers were not signed or approved by the principal.
5. Fifteen (15) teachers did not indicate the time when the work started and ended on the time cards totaling 25.5 hours in the amount of \$1,257.45.

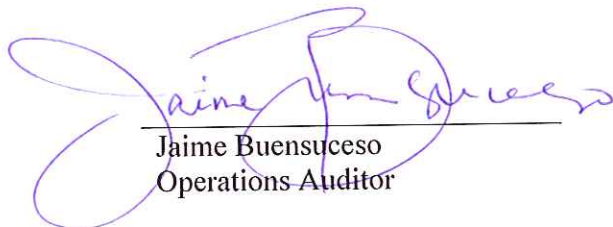
Conclusion

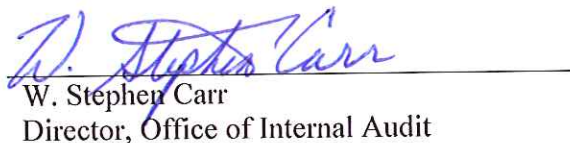
In our opinion, the time and labor at Bethune K-8 School for the period July 1, 2012 to May 31, 2013 was deficient for absence and additional pay recording and documentation based on the above findings that need attention and reforms.

The principal must ensure that additional pay entered into the payroll time and labor is properly supported by timecards and authorized to protect district's assets.

Internal controls that include appropriate reviews and approvals of timecard transactions must be implemented immediately. The principal is to ensure that all identified errors are corrected and policies are implemented to certify compliance with School District procedures in the future.

We appreciate the cooperation extended by the staff during the examination.


Jaime Buensuceso
Operations Auditor


W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendations

1. A total of 536.5 hours of additional pay amounting to \$22,923.83 were posted to Time and Labor without supporting documentation on file.

Our review of the payroll records for the period July 1, 2012 through May 31, 2013, revealed that a total of 536.5 hours were entered into the Time and Labor System without timecards on file as follows.

TRC	Description of Hours	No. of Hours	Amount
CRG	Certificated Regular Time	240.00	14,568.16
PRO	Contract Rate	119.00	3,679.34
NCT	Non-Classroom Hourly	33.50	996.29
WPS	Teacher Working Prep	20.50	957.11
REG	Regular Time	58.50	676.11
CRH	Classroom Hourly	15.00	509.85
TUT	Tutor	16.00	475.84
PTCL	Part Time Classroom Instr.	9.00	376.48
SAT	Saturday School	8.00	351.79
OTH	Overtime	8.00	210.84
EXTRA	Extra Time	9.00	122.02
	Totals	536.50	22,923.83

Timecards are to be retained at the site to substantiate the hours reported in the Time and Labor system and for audit purposes.

As a result, there was an increased risk in loss of funds because employees may have been paid for time that they did not work due to lack of appropriate written approval that will validate the work performed.

Recommendation:

We recommend that the principal require responsible staff to complete a timecard and the timekeeper should ensure that proper supporting documentation is on file when processing time and labor.

The principal is to institute payroll processes that satisfy district requirements designed to effect accuracy and integrity in the payroll process. While having signed the required "Audit To Paid Time Report," the report's purpose, through review, is to assure accuracy in the payroll process. We recommend that the principal incorporate the use of this report in reviewing payroll processing to assure staff properly completes the required documentation.

The principal is to comply with the requirement to review and sign as having reviewed, the Audit To Paid Time Report.

2. Absences of several employees totaling 1,841.80 hours were not recorded in the Time and Labor system.

Our review of payroll records for the period July 1, 2012 through May 31, 2013, revealed that 1,841.80 hours of employee's absences were not reported to the Time and Labor system. As a result employee's accrued benefit balances in some instances were overstated.

Specifically, we noted the following:

No. of employees	Date	TRC	Hours	Remarks
40	7/2/12 – 5/31/13	SLF	1,032.00	Per SAMS
24	9/24/12 – 5/24/13	DBSPD	351.00	Per SAMS
15	9/19/12 – 3/27/13	PRN	158.50	Per SAMS
12	10/16/12 – 3/4/13	PRB	112.00	Per SAMS
1	11/16/12 - 1/18/13	IA	90.00	Per SAMS
4	9/20/12 - 3/21/13	BRV	75.00	Per SAMS
2	4/4/12 – 5/24/13	VAC	12.80	Per SAMS
2	11/5/12 – 12/7/12	FLH	10.50	Per SAMS
Total Hours			1,841.80	

Absences reported in the Substitute Assignment Management System (SAMS) are to be reported in the Time and Labor system and timecards are required to support the absences.

Recommendation:

We recommend that the principal require the timekeeper to make the corrections by submitting Time Error Correction Notices to Payroll.

The principal has the responsibility to institute practices that assures the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.

3. Supporting documentation for absences of several employees totaling 1,778 hours were missing. As a result the propriety of the absences could not be determined.

We examined the benefit absences reported for the period July 1, 2012 through May 31, 2013 for certificated and classified employees. We found that 1,778 hours of absences did not have leave forms to support several employees' absences reported in Time and Labor. As a result, we were not able to determine the propriety of the absences as follows.

TRC	Description of Hours	Total
SLF	Sick Leave	744.00
PRN	Personal Necessity	294.00
VAC	Vacation Leave	223.00
IA	Industrial Accident	191.00
DBSPD	District Business Professional Dev.	78.00
BRV	Bereavement	64.00
LHS	Half Sick Leave – Classified	54.00
SLH	Half Sick Leave – Certificated	52.00

PRB	Personal Business	48.00
IASLF	Industrial Accident Full Sick	30.00
	Total Hours	1,778.00

Timecards are to be retained at the site to substantiate the hours reported in the Time and Labor system and for audit purposes.

Recommendation:

We recommend that the principal require responsible staff to complete an absence request form and that the timekeeper should ensure all absence requests' supporting documentation are on file.

The principal has the responsibility to institute practices that assures the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.

4. The timecards for Absence on District Business of ten (10) teachers were not signed or approved by the principal.

The timecards for Absence on District Business of ten (10) teachers were not signed or approved by the principal as follows.

Employee #	Date	Time Reporting Codes	Hours
1	3/14/13	DBSPD – District Business	8.00
2	3/13/13	DBSPD – District Business	8.00
3	3/13/13	DBSPD – District Business	8.00
4	3/14/13	DBSPD – District Business	8.00
5	3/13/13	DBSPD – District Business	6.00
	3/15/13	DBSPD – District Business	2.00
6	3/21/13	DBSPD – District Business	8.00
7	3/21/13	DBSPD – District Business	8.00
8	3/14/13	DBSPD – District Business	8.00
9	3/14/13	DBSPD – District Business	8.00
10	3/14/13	DBSPD – District Business	8.00
Total			80.00

Recommendation:

We require the principal to sign the “Request for Absence on District Business” to ensure that the employee’s absence was due to official district business.

The principal has the responsibility to institute practices that assures the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.

5. Fifteen (15) teachers did not indicate the time when the work started and ended on the time cards totaling 25.5 hours in the amount of \$1,257.45.

The time card submitted by the (15) teachers to support the additional hourly assignments did not indicate the time when the work started and ended as follows.

Employee #	Date	Time Reporting Codes	Hours	Amount
1	11/6/12	WPS – Teacher Working Prep	1.00	54.76
2	5/13/13	WPS – Teacher Working Prep	1.00	53.08
3	9/20/12	WPS – Teacher Working Prep	1.00	54.76
4	11/2/12	WPS – Teacher Working Prep	1.00	49.77
5	11/5/12	WPS – Teacher Working Prep	1.00	48.21
	11/7/12	WPS – Teacher Working Prep	1.00	48.21
	3/20/13	WPS – Teacher Working Prep	1.00	48.21
6	3/20/13	WPS – Teacher Working Prep	1.00	54.76
7	3/1/13	WPS – Teacher Working Prep	1.00	45.24
	3/11/13	WPS – Teacher Working Prep	1.00	45.24
8	11/1/12	WPS – Teacher Working Prep	1.00	48.21
9	3/8/13	WPS – Teacher Working Prep	.50	27.38
10	3/20/13	WPS – Teacher Working Prep	1.00	54.76
11	9/20/12	WPS – Teacher Working Prep	1.00	33.19
	11/9/12	WPS – Teacher Working Prep	1.00	34.82
	2/22/13	WPS – Teacher Working Prep	1.00	36.46
12	9/20/12	WPS – Teacher Working Prep	1.00	54.90
	10/25/12	WPS – Teacher Working Prep	1.00	54.90
	11/9/12	WPS – Teacher Working Prep	2.00	109.80
13	3/1/13	WPS – Teacher Working Prep	1.00	51.45
14	10/11/12	WPS – Teacher Working Prep	1.00	42.32
	10/25/12	WPS – Teacher Working Prep	1.00	42.32
15	10/2/12	WPS – Teacher Working Prep	1.00	54.90
	1/25/13	WPS – Teacher Working Prep	2.00	109.80
Total			25.50	1,257.45

There was an increased risk in loss of funds because the reported time was not supported by a record that showed the actual time when the work started and ended. The absence of documenting the time period when worked reduces the accountability and ability to determine that the work happened.

Recommendation:

We require administration adhere to district requirement showing all information such as the date, the description of the work, and the actual time when the work started and ended be indicated in the timecard.



Mary McLeod Bethune K-8 School

F. Matthews, Principal

6835 BENJAMIN-HOLT RD, SAN DIEGO, CA 92114

PHONE: (619) 267-2271 / FAX: (619) 475-5068

TO: STEPHEN CARR, DIRECTOR OF INTERNAL AUDIT

FROM: F. Matthews, Principal *fm*

DATE: October 3, 2013

SUBJECT: **RESPONSE TO BETHUNE PAYROLL TIME & LABOR AUDIT REPORT**

- 1 The deficiency for absences and additional pay recording and documentation from July 1, 2012 to May31, 2013; many documents were not included in the materials reviewed by the auditor. These items have been noted and filed accordingly.
- 2 The principal and timekeeper have identified items missed and made sure proper documents were in place for each finding.
- 3 The principal is requiring that all requests entered into time and labor must include approved paper work such as agendas, workshop samples, flyers, and etc. The timekeeper is instructed to secure proper paperwork and signatures prior to entering in time and labor. Employees are instructed to get proper approval prior to their leave as applicable.
- 4 The timekeeper will double check all time cards and make sure employees are in-serviced on what they need to do to make sure their time cards are complete prior to turning them in.
- 5 The principal and timekeeper will meet regularly to review "Audit Paid Report time" for time cards and to double check for accuracy.

NOTE:

I have been the principal for Bethune K-8 since June 2013. I was made aware of the situation after the audit was completed. For the 2013-2014 school year we are motivated to implement policies to certify compliance with district procedures.

C: L. Jackson, Area 2 Superintendent
Jamie Buensuceso, Internal Auditor